



[Redacted]

Jim McColl
For the Directors of FMEL and FMEL Holdings

By email: [Redacted]

5 July 2019

Dear Jim,

**Scottish Government
Ferguson Marine Engineering Limited (“FMEL”) and Ferguson Marine Engineering
(Holdings) Limited (“FMELH”) (together the “Group”)**

I refer to the letter sent today on behalf of the Directors of FMEL and FMELH.

We welcome your willingness to explore what would be entailed if Scottish Ministers were to take ownership of the Group and we wish to meet with you on the morning of Monday 8th July to discuss this and the points raised in your letter with you.

Your letter includes matters that are relevant to CBC as shareholder, such as confirmation of the price Scottish Ministers would pay for CBC’s shares. We will discuss this directly with CBC.

Other matters in the letter are relevant to your director duties, which we will discuss with you on Monday. In particular we are keen to understand in detail the current requirements for interim funding, mentioned in your letter.

We confirm that Scottish Ministers have taken advice regarding the provision of funding in connection with taking ownership of the Group and we confirm that we are satisfied that a solution that secures the business and jobs is achievable.

As a critical separate matter, however, HCC and Scottish Ministers, as first and second ranking secured creditors, wish you to agree to an extension of the refund guarantee for 801 to give time to resolve matters (which we understand will be given by the Surety at no cost to FMEL). We see no linkage between the extension of the bond and the matters set out in your letter relating to your duties as directors. We are concerned that if the 801 bond is not extended then the customer may seek to take action early next week which could result in an unplanned insolvency of FMEL which would be detrimental to all creditors. We consider this would mean that the directors have not fulfilled their statutory duties towards creditors.

We note execution of the extension in counterparts is possible and we ask you do so over the

weekend, or at least before 9.30am on Monday morning and to share with us. For ease, the documentation is attached.

We would also be grateful if you could formally confirm the professional advisers appointed by the Directors of FMEL and FMELH to deal with this matter, in order that our advisers can engage with them. Our advisers (MacRoberts and PwC) are available over the weekend as required.

We look forward to meeting on Monday.



LIZ DITCHBURN



**TOKIOMARINE
HCC**

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Date: 2019

To: Caledonian Maritime Assets Limited
(a company registered in Scotland with number SC001854)
Municipal Buildings
Fore Street
Port Glasgow
Renfrewshire PA14 5EQ

Ferguson Marine Engineering Limited
(a company registered in Scotland with number SC485060)
Redwood House 5 Redwood Crescent
Peel Park
East Kilbride
South Lanarkshire G74 5PA

Dear Sirs

Amendment to Refund Guarantee No. BS/LO/00830 made between (1) HCC International Insurance Company PLC, (2) Caledonian Maritime Assets Limited and (3) Ferguson Marine Engineering Limited dated 2 November 2016 in respect of vessel Euro Class B Dual Fuel Passenger Ferry with Builder's Hull Number 801 (the "Guarantee")

We refer to the above Guarantee.

We hereby agree that, with the effect from the date on which this letter has been counter-signed where indicated below on behalf of both of Caledonian Maritime Assets Limited and Ferguson Marine Engineering Limited (the "**Effective Date**"), the Guarantee shall be amended by way of the definition of Expiry Date set out in clause 1 of the Guarantee being deleted in its entirety and replaced with the following text:

'Expiry Date' means 1pm on 31 August 2019

We hereby confirm that all other terms of the Guarantee shall remain in full force and effect in accordance with its terms.

This letter is governed by the laws of England and Wales and the parties hereby submit to the exclusive jurisdiction of the High Court of England and Wales. This letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this letter.

Please confirm your agreement to the amendment set out in this letter by way of counter-signing this letter where indicated below.

SIGNED AS A DEED BY

As Attorney For And On Behalf Of
HCC INTERNATIONAL INSURANCE COMPANY PLC

In the presence of:

Witness :
Occupation : Bond Administrator
Bond No. : BS/LO/00830/2
Date : 2 July 2019

Tokio Marine HCC is a trading name of HCC International Insurance Company plc, which is a member of the Tokio Marine HCC Group of Companies. HCC International Insurance Company plc is authorised by the Prudential Regulation Authority (PRA) and regulated by the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority. Registered in England and Wales No. 01575839 with registered office at 1 Aldgate, London EC3N 1RE.



We, Caledonian Maritime Assets Limited, hereby confirm our agreement to the amendment to the Guarantee as set out above with effect from the Effective Date.

Signed and delivered as a Deed)
By Caledonian Maritime Assets Limited)
Acting by , a director)
In the presence of:)

Signature Of Witness

Address of witness

Occupation Of Witness

Date:

We, Ferguson Marine Engineering Limited, hereby confirm our agreement to the amendment to the Guarantee as set out above with effect from the Effective Date.

Signed and delivered as a Deed)
By Ferguson Marine Engineering Limited)
Acting by , a director)
In the presence of:)

Signature Of Witness

Address of witness

Occupation Of Witness

Date:

